

Message Text

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PAGE 01 GENEVA 05287 01 OF 02 081652Z

46

ACTION EB-07

INFO OCT-01 ISO-00 AF-06 ARA-10 EA-10 EUR-12 NEA-10 IO-10

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AID-05 CIEP-02 SS-15 STR-04 TAR-01 TRSE-00 USIA-15

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FM USMISSION GENEVA

TO SECSTATE WASHDC 4400

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

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AMEMBASSY THE HAGUE

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AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

USMISSION USUN NEW YORK

USEC BRUSSELS

US OECD PARIS

UNCLAS SECTION 1 OF 2 GENEVA 5287

EO 11652: NA

TAGS: ETRD, UNCTAD

SUBJECT: UNCTAD COMMITTEE ON MANUFACTURES, SEVENTH SESSION

REF: A. GENEVA 4998; B. GENEVA 5100; C. GENEVA 5146

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PAGE 02 GENEVA 05287 01 OF 02 081652Z

1. BEGIN SUMMARY AND ANALYSIS (PARAGRAPHS 1-3. UNCTAD

COMMITTEE ON MANUFACTURES CONCLUDED SECOND AND FINAL WEEK' WORK AT 10:30 ON FRIDAY NIGHT, JULY 4. COMMITTEE ADOPTED FOUR RESOLUTIONS AND A DECISION ON SAFEGUARDS AND STANDSTILL (SEE PARA 9 BELOW FOR TEXT). AGREED RESOLUTIONS COVER (A) TEXTILES, (B) UNCTAD AND UNIDO COOPERATION, (C) EXPERTS GROUP ON RESTRICTIVE BUSINESS PRACTICES (RBP'S) AND (D) TARIFF RECLASSIFICATION.

UNAGREED RESOLUTIONS, INCLUDING HOLDOVERS FROM SIXTH SESSION (SAFEGUARDS AND STANDSTILL, ADJUSTEEMTN ASSISTANCE) AS WELL AS NEW RESOLUTIONS ON INDUSTRIAL RESTRUCTURING AND RBP'S (SUBSTANTIVE), WILL BE ANNEXED TO THE COMMITTEE'S REPORT AS REPRESENTING THE VIEWS OF THE GROUP OF 77 (LLDC'S) CARRIED FORWARD FOR FUTURE CONSIDERATION, POSSIBLY AT 15TH SESSION OF UNCTAD TRADE AND DEVELOPMENT BOARD. REVISED DRAFT OF HOLDOVER RESOLUTION ON SUBSIDIES/COUNTERVAILING DUTIES (REFTEL B) WILL RECEIVE SAME TREATMENT. (EXCESS BAGGAGE IN FORM OF UNAGREED G-77 RESOLUTIONS THUS CONTINUES TO ACCUMULATE.) A HIGHLIGHT OF THIS SESSION WAS THE APPEARANCE OF UNCTAD SECRETARY GENERAL GAMANI COREA, WHO DELIVERED AN IMPRESSINVELY BALANCED ADDRESS ON IMPORTANCE OF TRADE IN MANUFACTURERES FOR THE LDC'S AND SIGNIFICANCE OF MTN, UNCTAD IV AND UNIDO II FOR EXPANDING AND DIVERSIFYING SUCH TRADE.

2. FROM STANDPOINT OF RESOLUTIONS, THIS WAS UNDOUBTEDLY ONE OF THE MOST PRODUCTIVE UNCTAD SESSIONS IN A LONG TIME. THE OUTCOME CAN BE INTERPRETED AS A SUCCESS BOTH FOR THE DEVELOPING AND DEVELOPED COUNTRIES (GROUP B) AND SHOULD BE VIEWED AGAINST THE BACKDROP OF ACTIVITY IN OTHER FORUMS, PARTICULARLY THE MTN, RELATING TO THESE SAME QUESTIONS. WHILE THE LDC'S DID NOT GET WHAT THEY WANTED IN MOST CASES AND WERE OBVIOUSLY DISAPPOINTED OVER GROUP' B'S UNWILLINGNESS TO NEGOTIATE ON MTN ISSUES, THEY NONETHELESS FOR THE FIRST TIME GOT AGREED RESOLUTIONS ON TEXTILES AND TARIFF RECLASSIFICATION AND SET THE STAGE FOR FURTHER WORK ON RBP'S. (G-77 SPOKESMEN-- CHADHA OF INDIA, PAREJA OF ARGENTINA--DESCRIBED THESE UNCLASSIFIED UNCLASSIFIED

PAGE 03 GENEVA 05287 01 OF 02 081652Z

RESOLUTIONS AS SIGNIFICANT NEGOTIATING CONCESSIONS BY GROUP B.) BY HAVING DONE THEIR HOMEWORK AND BY PROPOSING IMAGINATIVE BUT ANODYNE LANGUAGE DURING DRAFTING SESSIONS, DEVELOPED COUNTRIES GAINED SUBSTANTIAL GOODWILL AMONG LDC'S WITHOUT SACRIFICING TRADE POLICY INTERESTS. GROUP B COORDINATION WAS GOOD THROUGHOUT AND U.S. DID NOT HAVE TO TAKE FULL BRUNT ON ANY ISSUE.

3. CONCURRENT DISCUSSIONS IN OTHER FORUMS AFFECTED DELIBERATIONS IN MANUFACTURES COMMITTEE IN SEVERAL WAYS,

SOME OF WHICH CLEARLY CONTRIBUTED TO THE CONSTRUCTIVE RESULTS OF THIS MEETING. ACTIVITIES IN THE MTN AND ECOSOC HAD MOST LDC DELEGATIONS SPREAD SO THIN THAT THEIR SOMETIMES IDLE HANDS WERE TOO OCCUPIED TO ENGAGE IN DRAWN OUT CONFRONTATION ON HIGHLY TECHNICAL AND PROCEDURAL QUESTIONS OFTEN REQUIRING EXTENSIVE RESEARCH. DEVELOPMENTS IN THE MTN ON NTB'S FOR EXAMPLE, RESULTED IN A DAMPENING OF TRADITIONALLY HIGH LDC INTEREST IN WORK OF THE SESSIONAL NTB COMMITTEE, WHILE HEIGHTENED CONCERN AND AWARENESS OF PROBLEMS OF INDUSTRIALIZATION (UNIDO II DECLARATION) CREATED NEW EMPHASIS ON DEBATE IN PLENARY, WHERE UNIDO-RELATED SUBJECTS ARE COVERED. MOREOVER, WITH NO FORMAL GROUP STRUCTURE IN MTN, THE LDC'S FOUND MANUFACTURES COMMITTEE AN EFFECTIVE PLACE TO CAUCUS ON MTN ISSUES CURRENTLY ON THE TABLE WITHIN THE VARIOUS TNC SUBGROUPS. FINALLY, RESTRICTIVE BUSINESS PRACTICES LOOM INCREASINGLY LARGE AS AN ISSUE OF CONCERN TO LDC'S WHO CAN BE EXPECTED TO PRESS FOR ACTION IN THIS AREA IN THE FUTURE (AS ALREADY NOTED, THE G-77 INTRODUCED TWO RBP RESOLUTIONS AT THIS SESSION). LDC PROPOSALS, WHILE CONTAINING NUMEROUS REFERENCES TO LIMA DECLARATION AND PROGRAM OF ACTION ON NEW ECONOMIC ORDER, WERE NOT CAST IN HIGHLY PROVOCATIVE TERMS NOR DID THEY CALL FOR IMPLEMENTATION BY ALL. NEVERTHELESS, U.S. MADE STATEMENT FOR RECORD AT END OF MEETING THAT OUR POSITION UNCHANGED ON THESE RESOLUTIONS.

4. SESSIONAL COMMITTEE COMPLETED ITS WORK ON THE REMAINING NTB ITEMS (AGENDA ITEM 4) NOT TAKEN UP IN FIRST WEEK. OF THE REMAINING ITEMS, EXPORT SUBSIDIES/ COUNTERVAILING DUTIES (CVD'S) FROM ADJUSTMENT ASSISTANCE
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PAGE 04 GENEVA 05287 01 OF 02 081652Z

DREW THE MOST ATTENTION FROM THE LDC'S G-77 EMPHASIZED THE INADEQUACIES OF GATT PROVISIONS ON EXPORT SUBSIDIES/ COUNTERVAILING DUTIES AND ANTI-DUMPING, SAYING THESE PROVISIONS DO NOT ADEQUATELY TAKE INTO ACCOUNT THE SPECIAL SITUATION OF DEVELOPING COUNTRIES. G-77 FURTHER NOTED THAT ONE OF FUNDAMENTAL PRINCIPLES OF MTN IS EXTENSION OF DIFFERENTIAL MEASURES, WHERE APPROPRIATE, AND THAT EXPORT SUBSIDIES AND COUNTERVAILING DUTIES CONSTITUTE SUCH AN AREA.

5. INDIA, SPEAKING FOR G-77, SUGGESTED FOLLOWING THREE GUIDELINES FOR DIFFERENTIAL TREATMENT RE SUBSIDIES AND CVD'S: (A) CLEAR RECOGNITION OF RIGHTS OF LDC'S TO APPLY EXPORT SUBSIDIES TO PROMOTE EXPORTS OF MANUFACTURES AND SEMI-MANUFACTURERS; (B) EXEMPTION FROM COUNTERVAILING DUTIES OF LDC EXPORTS TO DC'S; (C) RECOGNITION OF RIGHT OF LDC'S TO APPLY COUNTERVAILING DUTIES ON IMPORTS FROM DC'S ON BASIS OF MORE FLEXIBLE CRITERIA THAN APPLICABLE

FOR DC'S. WE STATED U.S. PREPARED TO EXPLORE POSSIBILITY
OF DIFFERENTIAL TREATMENT IN CONTEXT OF NEW RULES OR
CODE PRESENTLY UNDER DISCUSSION IN MTN.

6. ADJUSTEMTN ASSISTANCE. LDC'S POINTED TO DIVERSITY OF
DEVELOPED COUNTRY ADJUSTEMENT ASSISTANCE PROGRAMS, NOTING
THAT SOME COUNTRIES WERE RELATIVELY MORE ADVANCED IN THIS
FIELD THAN OTHERS. IT WAS SUGGESTED THAT GROUP B
COUNTRIES, IN THE INTEREST OF EQUITABLE BURDEN SHARING,
MIGHT ATTEMPT TO INTRODUCE MORE SIMILARITY IN THEIR
ADJUSTMENT ASSISTANCE PROGRAMS. G-77 ALSO MADE PITCH
FOR ESTABLISHMENT OF UNCTAD INTERGOVERNMENTAL GROUP OF
EXPERTS TO CONSIDER ADJUSTEMENT ASSISTANCE AND INDUSTRIAL
RESTRUCTURING. U.S. AND F.R.G. QUESTIONED CONTRIBUTION
SUCH A GROUP COULD MAKE, NOTING THAT ITS CREATION COULD
INTERFERE WITH CONSIDERABLE PROGRESS ALREADY BEING MADE.

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PAGE 01 GENEVA 05287 02 OF 02 081714Z

64

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UNCLAS SECTION 2 OF 2 GENEVA 5287

7. G-77 TABLED NO NEW RESOLUTIONS IN SESSIONAL BUD DID PRESENT REVISED VERSION OF OLD DRAFT ON EXPORT SUBSIDIES AND COUNTERVAILING DUTIES (SEE REF. B FOR TEXT). IN ADDITION, HELD-OVER RESOLUTIONS ON SAFEGUARDS AND STANDSTILLS, ADJUSTMENT ASSISTANCE AND TEXTILES WERE BEFORE THE UNCLASSIFIED UNCLASSIFIED

PAGE 02 GENEVA 05287 02 OF 02 081714Z

COMMITTEE. OF THESE G-77 ATTACHED MOST IMPORTANCE TO A RESOLUTION ON TEXTILES. FROM OUTSET GROUP B TOOK POSITION THAT ANY TEXTILE RESOLUTION COULD NOT GO BEYOND COMMITMENTS IN MFA. HOWEVER, A A POLITICAL GESTURE GROUP B OFFERED COUNTER DRAFT (REF C). SUBSTANTIAL COMPROMISE BY G-77 IN CONTACT GROUP PRODUCED AGREED TEXT WHICH IN LARGE MEASURE SIMPLY REAFFIRMS PROVISIONS MFA. TEXT OF THIS RESOLUTION BEING SENT SEPTTEL.

8. WITH RESPECT TO HELD-OVER RESOLUTIONS, GROUP B ARGUED THAT, EXCEPT FOR ADJUSTMENT ASSISTANCE, ISSUES WERE INTEGRAL PART OF MTN AND THAT GROUP B COULD DO NO MORE THAN NOTE VIEWS OF G-77. IT WAS AGREED THEREFORE THAT THE REMAINING RESOLUTIONS WOULD BE ANNEXED TO THE REPORT OF THE COMMITTEE. G-77 INTENDS TO RAISE THEM AGAIN AT UPCOMING 15TH TDB MEETING.

9. STALEMATE PERSISTED WITH RESPECT TO NOW TWO-YEAR-OLD G-77 RESOLUTION ON SAFEGUARDS AND STANDSTILL, WHICH ONCE AGAIN WILL BE ANNEXED TO COMMITTEE'S REPORT AS VIEWS OF THE 77. AGREEMENT WAS REACHED, HOWEVER, ON A BRIEF "STANDSTILL" DECISION RE INTRODUCTION OF NEW BARRIERS TO LDC EXPORTS. ADOPTED UNANIMOUSLY, THIS DECISION MERELY REITERATES SIMILAR COMMITMENT MADE AT UNCTAD I. FOLLOWING IT TEXT OF STANDSTILL DECISION (TD/B/C.2/L.84):

"REITERATES THE AGREEMENT ON THE GUIDELINES EMBODIED IN PARAGRAPH 9 OF ANNEX A.III.4 TO THE FINAL ACT OF THE FIRST SESSION OF THE CONFERENCE CONCERNING THE OBSERVANCE OF THE STANDSTILL BY DEVELOPED COUNTRIES ON THE INTRODUCTION OF NEW BARRIERS TO IMPORTS FROM DEVELOPING COUNTRIES AND THE IMPORTANCE OF OBSERVING SUCH STANDSTILL IN THE

LIGHT OF THE PRESENT INTERNATIONAL ECONOMIC SITUATION".

10. SUFFICIENT TIME AND EFFORT WAS ABSORBED IN THE DRAFTING OF AN ACCEPTABLE SET OF TERMS OF REFERENCE FOR THE RECONVENING OF THE AD HOC GROUP OF EXPERTS ON RBP'S SO AS TO VOID ANY POSSIBILITY OF DISCUSSION OF THE MORE UNACCEPTABLE SUBSTANTIVE DRAFT OF THE G-77 ON RBP'S. THE UNCLASSIFIED UNCLASSIFIED

PAGE 03 GENEVA 05287 02 OF 02 081714Z

LATTER WAS NOT EVEN DISCUSSED, BUT WILL BE APPENDED TO THE REPORT OF THE COMMITTEE SO THAT ITS RE-EMERGENCE AT A LATER DATE MAY BE EXPECTED. GROUP B, THROUGH ITS STEADY SOLIDARITY, WAS ABLE TO OBTAIN (A) THE CALLING FOR A GROUP OF GOVERNMENTAL EXPERTS (VICE SECRETARIAT APPOINTED), (B) ELIMINATION OF ANY REFERENCE TO A CODE OF CONDUCT, BUT RATHER THE EXPERTS ARE TO "EXAMINE THE POSSIBILITY OF FORMULATING MULTILATERALLY AGREED PRINCIPLES ON RESTRICTIVE BUSINESS PRACTICES WHICH ADVERSELY AFFECT THE TRADE AND DEVELOPMENT OF DEVELOPING COUNTRIES"; (C) NO REFERENCE IS MADE TO "NOTIFICATION AND REGISTRATION" PROCEDURES, BUT MERELY CALLS FOR "EXAMINE WAYS OF IMPROVING THE EXCHANGE OF INFORMATION ON RBP'S BETWEEN GOVERNMENTS OF DEVELOPED AND DEVELOPING COUNTRIES;" (D) IN ADDITION THE EXPERTS GROUP IS "IDENTIFY THOSE PRACTICES WHICH ARE LIKELY TO RESULT IN THE ACQUISITION AND ABUSE OF MARKET POWER AT NATIONAL AND INTERNATIONAL LEVELS; AND (E) "EXAMINE THE ELEMENTS OF THE FORMULATION OF A MODEL LAW OR LAWS FOR DEVELOPING COUNTRIES ON RBP'S" THE RESOLUTION CALLS FOR AN INTERIM REPORT AND RECOMMENDATIONS TO BE SUBMITTED TO THE 7TH SPECIAL TDB (NO MENTION OF UNCTAD IV) AND FOR POSSIBLE ECONVEING OF THE AD HOC GROUP" AS EARLY AS POSSIBLE IN 1976".

11. UNCTAD SECRETARY GENERAL COREA'S APPEARANCE BEFORE THE COMMITTEE ON MANUFACTURES ON JULY 2 WAS ONE OF THE MAJOR HIGHLIGHTS OF THIS BIENNIAL UNCTAD MEETING TO DISCUSS LDC MANUFACTURES TRADE. HIS SPEECH WAS INSPIRATIONAL IN TONE BUT AT THE SAME TIME IMPRESSIVELY BALANCED, AS HE EXPLORED IN DEPTH THE IMPORTANCE OF MANUFACTURES TRADE FOR THE DEVELOPING COUNTRIES AND THE SIGNIFICANCE OF THE MULTILATERAL TRADE NEGOTIATIONS, UNCTAD IV AND UNIDO II FOR EXPANDING AND DIVERSIFYING SUCH TRADE.

12. COREA ARTICULATED WELL THE ASPIRATIONS OF THE LDC'S BUT TEMPERED HIS PRESENTATION WITH APPROPRIATE REALISM AND MODERATION. HE EMPHASIZED THE VERY REAL CONSTRAINTS ON TRADE LIBERLIZATION EFFORTS BY INDUSTRIALIZED COUNTRIES AS THEY ATTEMPT TO ADOPT MEASURES TO PROMOTE THE REALIZATION OF LDC ASPIRATIONS. EQUALLY IMPORTANT,

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PAGE 04 GENEVA 05287 02 OF 02 081714Z

COREA STRESSED THE RESPONSIBILITY OF THE DEVELOPING
COUNTRIES THEMSELVES TO PURSUE OUTWARD-LOOKING TRADE
POLICIES WHICH WILL ENABLE THEM TO TAKE ADVANTAGE OF
GREATER ACCESS TO INDUSTRIALIZED MARKETS. DALE

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